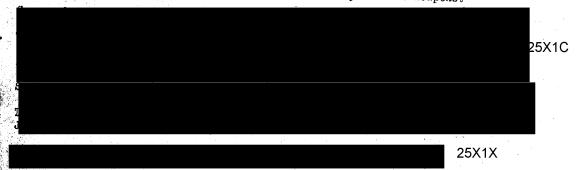
ase 2001/04/18 : CIA-RDP82-00457R001500180006-4 ORE 25X1A REPORT NO. COUNTRY DATE DISTR. 6 May 1948 SUBJECT Economic and Political Information: Possible NO. OF PAGES Effect on Shanghai of Communist Military Activities PLACE ACQUIRED NO. OF ENCLS. 39104 25X1C DATE OF INFO SUPPLEMENT TO REPORT NO. 25X1X DEELDENCE LEATED FIDNING Economic Situation 25X1X Civil war and government restrictions have brought on a shortege of machinery, repair parts, and raw material in Shanghai, leaving certain plants inoperative and resulting in the removal of other plants to Hongkong and south China. All this contributes to the increased unemployment. However, capital continues to pour into Shanghai and is one of the causes of the rising inflation. Shanghai offers a haven to a growing number of refugees. Those from the north are usually wealthy, while those from central China are poor and bitter toward both the Communists and the Nationalists. The poorer refugees go to Shanghal for these reasons: To avoid the civil war, in which they are considered enemies by both sides. They often find their property confiscated and their friends and relatives shot for cooperating or not cooperating with one side or the other. To escape army service with both sides. s document is heldby hegraded to policy is cruel and brutal in rural area CONFIDENTIAL in accordance with the letter of 16 October 1978 from the cities such as Shanghai, where the annou only 6,000 men. Director of Central Intelligence to the (c) To seek employment. Archivist of the United State Next Review Date: 2008 Communists in Shanghai Of the estimated one and one helf million workers in Shanghai, about thirty per cent are Communist followers. All of the million and a half are anti-government. The Communists' strength is considered wook and only about five per cont of the Communist followers are Communists. The Communists have many legitimate grievances which they exploit, but they withdraw before police intervention, with the result that many arrested workers 25X1X are not Communists. CLASSIFICATION U.S. OFFICIALS ONLY STATE F X X NAVY DISTRIBUTION X NSRB Approved WARNINGS NOTIFIE 1/18 SCIAL REBESTIONS

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Possibility of Violence in Shanghai

5. Labor groups are expecting trouble in Shanghai in June. They do not expect the government to defend Shanghai and are secretly attempting to organize one hundred thousand men to defend the city, but they have no weapons.



. The Communists are expected to cross the Yangtze River this summer and drive on Scochow. If Socchow falls, the government will withdraw from Nanking and Shanghai without a fight.

